

Capacity Market Advisory Group Draft Minutes

Meeting number **27**

Venue **Exelon Offices/MS Teams**

Date of meeting **17 December 2024**

Classification **Public**

Attendees and apologies

Attendees

Adil Islam	AI	Guest
Andrew MacDonell	AM	Representative (Ofgem)
Beth Hanna	BH	Representative (EMR Delivery Body)
Bir Virk	BV	Representative (LCCC)
Brian Lake	BL	Member
Chris Arnold	CA	CMAG Facilitator (Exelon)
Eleanor Haynes	EH	Member
Ellen McGrath	EM	Representative (CM Settlement Body)
Georgina Morris-Rowbottom	GMR	Member (alternate)
Jack Britton	JB	Representative (Ofgem)
Jenny McGowan	JM	CMAG Secretariat (Exelon)
Kat Gay	KG	Representative (EMRS)
Kyran Hanks	KH	Member
Mark Duffield	MD	Member
Paul Farmer	PF	CMAG Secretariat (Exelon)
Paul Jones	PJ	Member
Phillip Paul	PP	CMAG Secretariat (Exelon)
Raoul Thulin	RaT	Member
Richard Thwaites	RT	Member
Roan Chavez	RC	Representative (EMRS)
Sean Dryden-Woods	SDW	CMAG Secretariat (Exelon)
Shahena Begum	SB	Guest
Shanelle Millage	SM	Guest
Stuart Wells	SW	Representative (EMR Delivery Body)
Will Tomblin Shaw	WTS	Representative (Ofgem)

1. Welcome and Introductions

- 1.1 Chris Arnold (CA) welcomed members, representatives and guests, noting they were deputising as CMAG Facilitator for Oliver Meggitt (OM) who was on annual leave.
- 1.2 CA noted apologies received from DESNZ representative Matt Bowen and CMAG member Rob Selbie whose alternate was Georgina Morris-Rowbottom (GMR).

2. CM Representative Updates

LCCC/ESC

- 2.1 There were no updates this month

EMRS

- 2.2 KG noted that EMRS has successfully completed the bug fixes from R29. This should result in increased flexibility and usability. Looking ahead, they are focusing on how to better integrate these updates with EMR DB's data, specifically how large some of the EMRS CMMR and meter data reports now are. They are working closely with EMR DB and CMSB to align on workstreams related to DSR Tests and SPDs, as these could impact the production and use of these reports. KG also flagged that some of these changes may require future Change Proposals to the CM Rules which will be brought to CMAG for consideration.

EMR Delivery Body

- 2.3 BH provided an update on the T1 disputes process, highlighting that it has now concluded with approximately 13 upheld which is fewer disputes upheld compared to last year but 95% successful, mostly because of simple administrative corrections by the Applicant. The Tier 2 disputes window closed today, but insights are currently unavailable as they are being reviewed by Ofgem.
- 2.4 BH also mentioned that a survey has been circulated to gather feedback, now that the new DB portal is live. The survey aims to identify key priorities from users, helping to inform planning for the upcoming year although any such changes would have to be prioritised and undertaken alongside mandatory Regs and Rules changes expected for the 2025 Prequalification Window.
- 2.5 BH flagged the publication of the Connection Reforms open letter which proposed grandfathering for projects in existing agreements and planning consents for Capacity Market (CM) and Contract for Difference (CfD). While the letter provided a high-level overview, more detailed information is expected to be published before Christmas.

Ofgem

- 2.6 AM provided an update on the outstanding statutory consultation on Change Proposal reports currently with ofgem, noting that its publication has been delayed due to ongoing discussions with DESNZ regarding potential conflicts with ongoing policy development. AM noted more detail of this conflict would be shared once the work has been finalised. As a result, the consultation is now expected to be published in early to mid-January. SDW inquired whether the delay would allow for the inclusion of additional Change Proposals, but AM confirmed that no new proposals would be added at this time.
- 2.7 RT questioned whether the ongoing conflict would affect the likelihood of any change proposals progressing. AM explained that there is a possibility that RTs CP380 may not be included in this consultation, as there are ongoing discussions around Financial Commitment Milestones in multiple areas. A detailed review of CP380 is needed to ensure a coordinated approach. CMAG asked when CP380 would be expected if not included in the January consultation. AM noted that its inclusion would depend on the progress of the Financial Commitment Milestones. If changes occur, it may no longer be relevant, and the next opportunity for its inclusion could be in a consultation following the implementation of Rules 2025 prequalification.
- 2.8 For clarity on CP380, under current rules, a Capacity Provider's Prospective CMU with a T-4 Agreement must meet its Financial Commitment Milestone (FCM) by 16 months after its Auction Results Day (ARD), which includes a requirement to incur and pay at least 10% of the Total Project Spend (TPS) in Capital Expenditure (Capex). For some CMUs, this may force earlier payments to suppliers than would otherwise be necessary, leading to negative commercial consequences for the project.
- 2.9 RT, as the proposer, emphasised that a delay in the publication of this proposal is concerning. They expressed concerns that if the proposal does not make Rules 2025 ahead of the Prequalification Window, one of their

projects will need to make an early £10 million payment due to the lack of the proposed FCM deadline extension to 30-months after ARD. AM reminded CMAG that the timelines for statutory consultations and subsequent decisions are only guidelines and their priority is to ensure any Rule changes are in line with policy intent.

Department for Energy Security and Net Zero (DESNZ)

2.10 No Representative from DESNZ were present to provide an update.

3. Industry Feedback

Capacity Market Registers - Update

- 3.1 SW referenced the discussion at CMAG26 regarding the Capacity Market Registers (CMR), particularly the high volume of data within them. Following feedback from CMAG and input from the user group, they have decided to maintain the current format of the CMRs published on the portal, without changes. This includes the continued inclusion of high volumes of domestic DSR components. While DB acknowledge these documents can be bulky, we believe keeping them as is maintains simplicity for those focused on a single auction year.
- 3.2 SW also highlighted that on the EMR DB data portal, there are plans to publish two CSV files each week. One will cover the CMU level for all auctions and application rounds, while the other will provide components for all application rounds. Both files will be available for download and can be accessed via CSVs or APIs, allowing users to keep their data updated. These CSVs will be particularly useful for those using more data-driven approaches, as they will eliminate the need to merge multiple CMRs. For those who prefer the current format, the CMRs will remain available. SW noted that this update is expected in late January or early February, and further updates will be shared.
- 3.3 SW also pointed out that a few field names will differ between the EMR DB data portal and the current CMRs. The aim is to align these fields eventually, but due to system limitations on the NESO portal, some field titles will be shortened. Guidance will be published to clarify which fields are affected, ensuring users understand that the data remains consistent.

4. CMAG Surgery

Connection Capacity Review

- 4.1 CA provided background and context for the review, noting that broader questions related to Connection Capacity provisions under Rule 3.5 were raised and discussed at CMAG26 as part of CP381. CA explained the current interpretation of how Rule 3.5.1A is being applied and highlighted that the current wording of Rule 3.5.1A is not clear as TEC/MEC at the Generating Unit level is not always defined.
- 4.2 MD clarified that in practice Rule 3.5.1A applies at a CMU level rather than a Generating Unit level and noted that Generating Units within a power station may not always be classified as CMUs. MD confirmed that the interpretation is unlikely to cause any issues but is raising it to ensure clarity that it pertains specifically to CMUs. SW confirmed this aligns with EMR DBs interpretation, explaining that Rule 3.5.1A sets the maximum permissible capacity, with the aggregate values of the Connection Capacities from the relevant CMUs being compared against the relevant TEC/MEC value.
- 4.3 Under the current interpretation, it is assumed that a given TEC is split between multiple Generating Units within a CMU, CA presented a scenario (slide 14) to CMAG where multiple TECs are distributed across several Generating Units and CMUs. PJ explained that while it's possible to have a combined CMU (when Generating Units from different power stations and with different TEC/MEC values are combined into a single CMU), it must be linked to a transmission point when considering TEC. PJ noted that some rules prevent combining different types of units into a single CMU unless they are at the same Boundary Point. Although PJ couldn't think of a scenario where this setup would occur, they acknowledged that it is not impossible for such a situation to arise.
- 4.4 CA explained that the initial design intent of Rule 3.5.1A (which is detailed in the CMAG 26 briefing) was to cap the total Connection Capacity at the site or power station level, based on TEC or MEC. However, as RaT has previously highlighted, Rule 3.5.1A does this at the CMU level. CMAG was reminded that DESNZ has an open action to clarify the distinction between these Rules, as the current wording seems contradictory to the stated policy intent. CA presented a scenario where a two Generating Units are part of a power station but one of the CMUs is not included in the CM, which could lead to a large mismatch between the TEC of the site/power station and the Connection Capacity of the relevant CMU.

- 4.5 PJ noted that the scenario presented where the TEC/MEC associated with a power station being significantly larger than the Connection Capacities of the CMU was not an issue as in the example given the Capacity Provider would have the sufficient TEC/MEC to deliver their Capacity Obligation in a System Stress Event which they believed was the policy intent of Rule 3.5.1A.
- 4.6 RaT noted that [DESNZ have previously provided a reflection of their policy intent for Rule 3.5.1A](#). The policy intent stated is as follows:
- ‘Capacity Providers whose CMUs are part of multiunit sites to cap the sum of the connection capacity of the relevant units at the site level of TEC or MEC. This will prevent situations in which the connection capacity of individual units on a multi-unit site may be overstated in relation to the total site TEC or MEC’.*
- 4.7 CA clarified that, under this interpretation, connection capacity should be assessed at the site level, rather than the CMU level which is in line with current thinking.
- 4.8 CA presented potential options for modifying Rule 3.5.1A (slide 13 and 14) to address two issues. The issues highlighted were:
- **Issue 1** - Rule 3.5.1A does not work as written in the CM Rules at the moment as TEC or MEC by GU is undefined
 - **Issue 2** - In some cases Distribution Connected Prospective CMUs may defer providing their Distribution Connection Agreements (under Rule 3.7.3 (c)). In these cases the CM Rules allows a good faith estimate of the maximum capacity which will be physically capable of being transmitted from the Generating Unit to the Distribution Network to be used as the Connection Capacity on Application. If the Connection Capacity in the DCA (when it is available) is materially different to the good faith estimate of the Connection Capacity, should this be updated and how?
- 4.9 CMAG Members discussed possible solution options to address issue 1. Three options were presented to CMAG for consideration. These were:
- **Option 1** – Change the text to reflect EMR DB’s current interpretation of Rule 3.5.1A i.e.

$$\sum CMU_{CC} \leq \sum TEC$$
 - **Option 2** – Use a modified version of the Rule 3.5.5 equation to determine a TEC/MEC value at a Generating Unit level
 - **Option 3** – Remove Rule 3.5.1A
- 4.10 CMAG Members indicated a preference for solution option 1 on the basis that this provides assurance that all relevant CMUs have enough TEC/MEC to cover the Connection Capacities of the relevant CMUs and it aligns with the current test that is being applied by EMR DB. The scenario highlighted where the power station level TEC/MEC was significantly higher than the Connection Capacity for the relevant CMU was not seen as an issue by members.
- 4.11 CMAG Members discussed how effective a potential control Rule 3.5.1A was in relation to option 3. EH noted that even if the Connection Capacity of a CMU was overstated at the application stage, the Substantial Completion Milestone (SCM) would still need to be passed to verify the physical generating capacity for new builds (and thus receive payments under the CM).
- 4.12 PJ agreed with options 1 and 2 presented but noted that it was unusual to have a station CEC lower than the sum of the unit CECs. CA clarified that this scenario would only arise from interpreting CP381, where the station CEC does not match the sum of the unit CECs. If the station CEC were the sum of the unit CECs, this issue would not occur. CMAG expressed a preference for Option 1 over Option 2, noting that one potential drawback of Option 2 is its alignment with Rule 3.5.5 which PJ expressed concerns with.
- 4.13 PJ recommended removing Rule 3.5.5 and instead allowing the use of station TEC. He noted that Rule 3.5.5 still poses issues in cases where there is a significant amount of TEC in place, with multiple units operating, but not all are part of the CM. In such situations, there would be enough TEC to cover the CMUs, and the TEC

would be apportioned across both CMUs and non-CMUs, resulting in a smaller TEC allocation for each individual CMU. CA is taking option 3 away to consider policy around it.

- 4.14 CMAG Members discussed possible solution options to address issue 2. Three options were presented to CMAG for consideration. These were:
- **Option 1** - Capacity Provider to provide evidence of MEC once available to EMR DB
 - **Option 2** - Alter Operational ITE report to include an additional declaration to confirm that the aggregate Connection Capacity of Generating Units in a CMU does not exceed the MEC for cases where no MEC is available
 - **Option 3** - Remove MEC requirement for Rule 3.5.1A for Capacity Providers deferring the provision of their Distribution Connection Agreements (under Rule 3.7.3 (c)).
- 4.15 EH noted for option 2, for managing deferred DCAs, the Operational definition, part (b) for a Distribution CMU, requires an ITE to issue a certificate confirming that all DNO commissioning tests required to commence export have completed such that the Generating Unit is permitted to dispatch that physical capacity into the Distribution Network. Therefore, there is already a check in the Operational ITE report although it is not actually prescribed in the Rules. EH also noted that option 2 should be relatively straightforward to implement. RaT challenged this point stating that where there is a multiunit site, an ITE wouldn't necessarily be reporting that the overall site MEC was sufficient for those units to be generating at the same time if the sum of the individual units exceeds the site MEC. RaT also noted that there isn't Termination Event similar to the reduction or ceasing to have TEC, at a MEC level, which would be the obvious test because then your incentive is to make sure that you don't get terminated. SW agreed with the views expressed by RaT, noting there's a potential risk that either the ITE is unaware of the other sites sharing the connection agreement or because of the timing that maybe even genuinely they don't yet share that connection agreement, If there's significant gap between the two Operational ITE reports.
- 4.16 CMAG Secretariat queried whether the absence of MEC Termination Events (TE) represents a DESNZ/Ofgem policy stance, wondering if this creates an unfair advantage for Distribution CMUs over Transmission CMUs. PJ further noted that Distribution CMUs are at a disadvantage during System Stress Events, as distribution interruptions are not accounted for in ALFCO. MD added that discussions within the original CM Expert Group on rules development were hindered by inconsistencies between DNOs and outdated DCAs that were not aligned with current DNO standards. BH agreed, stating that implementing MEC controls would be challenging, but felt that Prospective CMUs requiring an Operational ITE report should be able to report on site MEC for all CM GU on the site, even if spread across multiple CMUs. SW noted that 8.3.1(a)(i) allows for CP to submit a deferred DCA no later than 18 months before the start of the first DY, making it possible to implement a MEC control at that time. SW also suggested a MEC control at the start of each DY, which would provide options for MEC control at Application, 18 months before the first DY, at the start of each DY, and during the Operational ITE report start of each DY. PP noted this would provide options for MEC control at: Application; 18 months before the first DY; at the start of each DY; and during the Operational ITE report.

Full review of the Exhibits in the CM Rules

Exhibit A

- 4.17 CA presented Exhibits A, B and E to CMAG. In regard to Exhibit A, PP noted the applicant may not necessarily be a GB Limited company and therefore they could be a partnership, local authority etc so another entity could be the owner. Elaxon's Legal team advised an appropriate change would read "Company registration number or equivalent (where applicable)". The guidance could then say, For GB Companies and LLPs this can be found on Companies House. For overseas entities, please provide the unique identifier issued by your country's company registry or equivalent authority. Individuals should leave this blank. This would cover other types of entity that have registration numbers e.g. LLPs, or overseas entities, but the where applicable makes clear that an individual or partnership wouldn't complete. SW noted it needs to be made clear that if they are a GB registered company, that has to be the company registration number. EMR DB have experienced issues in the past where companies have been registered but have tried to submit other evidence of directorship rather than Company's House Directors. SW advised the text should be further clarified to 'Company Registration Number (or equivalent if Company Registration Number is not applicable).
- 4.18 SW highlighted that people often confuse Auction Year, Application Year, and Delivery Year, leading to errors. To address this, it should be explicitly stated that the application must follow the auction guidelines for the specific year of submission. RaT asked whether the application year refers to the year of the auction or the

prequalification window, since prequalification occurs in one year, but the auction itself happens the next year. SW clarified that the application year is the year before the auction, as outlined in the Auction Guidelines. He stressed the need for precise language regarding these years to avoid confusion. RaT also questioned whether it's necessary to state the application year, given that the Exhibit must be dated at the time of signing. SW replied that this is currently a rule requirement, but if it is a common source of error, simplifying it could be beneficial. CA concluded that if the application year is not a CM Rules requirement, it could be removed, but if it is required, it should remain with clear guidance.

- 4.19 PP noted that the rules specify that if someone submits multiple applications for the same CMU within the same application window, EMR DB will only consider the latest application. He asked how this would impact the EMR DB portal, specifically whether multiple versions of the same Exhibits could be submitted. SW responded that it depends on the Exhibits, as applicants should be deleting older versions before submitting the latest one. However, technically, it could still be possible to submit multiple versions.
- 4.20 CA highlighted the intention to insert the phrase "of the Applicant" to clarify that the Directors represent the Applicant, not the Owners, Joint Owners, Aggregators, Agents, etc. Additionally, CA suggested that the term "Company" could be replaced with "Applicant," which might reduce confusion, as the Applicant need not necessarily be a company. CMAG agreed to this proposed change.
- 4.21 RaT expressed concern regarding the optionality presented by the term "Director or Directors." In cases where companies have multiple directors and are required to provide two signatures, they might opt for only one. CMAG recommended updating the language to simply state "Directors."
- 4.22 CA inquired whether Dispatch Controllers should be included in the declarations of Exhibit A. PP clarified that if the owner becomes insolvent, there might need to be a declaration stating that, at present, there are no grounds for insolvency. He also questioned whether the applicant would be the Dispatch Controller if the owner is potentially insolvent. AM asked if this would be adequately covered if the declaration referred to the owner instead of the applicant. PP pointed out that since the applicant holds the capacity agreement, both the owner and the applicant may need to be included in the declaration. AM then asked if separate questions should be required for the owner and the applicant regarding insolvency or whether a combined statement for both would suffice, such as "applicants and owners." RaT noted that it is more challenging for directors of applicants to declare insolvency on behalf of the owner, as they may not have full knowledge of the owner's financial status. The termination events related to insolvency primarily address the applicant, not the owner. AM observed that if an owner is involved who is not the applicant, the applicant's signature at the end of the Exhibit may not reflect the owner's insolvency status. Based on this, AM questioned whether a separate Exhibit would be necessary. CMAG agreed that upon reviewing Exhibit G, additional clarifications regarding the Dispatch Controller should be incorporated.
- 4.23 CA asked CMAG if declaration (c) is necessary, noting that the term "good faith" could be misinterpreted. The Elexon legal team agreed that it did not add much value but recommended keeping it as a default. CMAG agreed to retain the phrase in the Exhibit, while remaining open to adjusting the wording based on advice from Ofgem's enforcement team.
- 4.24 CA questioned whether declaration (d) is needed, as they did not see a clear rationale behind it. CMAG agreed to keep it in the Exhibit, with the understanding that the wording could be revised based on feedback from Ofgem's enforcement team.
- 4.25 CA noted that declaration (e) references Rules 3.4 – 3.11 and inquired if these rules should be listed in the declaration. CMAG decided not to include the Rules directly in the declaration, as doing so would add considerable text to the Exhibit (the Rules span eight pages).
- 4.26 CA queried the rationale behind requiring declaration (f) only for refurbishing CMUs with 3 or 15-year agreements. BH explained that new builds are eligible for multi-year agreements, while refurbishing or existing CMUs can only obtain one-year agreements. RaT asked why question 2 in the draft Exhibit imposes a 15-year cap in relation to capital expenditure. CMAG agreed to remove the reference to the 15-year minimum to eliminate the cap. CA also agreed to review the wording of question 2 to ensure it aligns with Rule 3.8.1A, on which the question is based.
- 4.27 CA proposed adding a new point to declaration (f), drawn from the ITE for TPS on International Accounting Standard 16. RaT pointed out that the Rules do not specify any requirements regarding the applicant's accounting policies.

- 4.28 SW highlighted the need to add "as amended" to the "Please note" section at the bottom of the Exhibit. CMAG agreed to make this change. He also noted that the ellipsis after "We, the directors, confirm the above is" could cause confusion about what the Directors are agreeing to by signing the Exhibit. It was agreed that additional clarity should be added here. CA confirmed that they would add more detail for clarity. CMAG also agreed to update the wording to "We, the Directors" and remove the word "Director" to leave just "Signature."
- 4.29 RaT noted the wording of declaration (f) be updated from "the Refurbishing CMU" to "at any Refurbishing CMU" to which the application relates. CMAG agreed this was sensible and to update.
- 4.30 SW highlighted that if Section 2 on the proposed draft Exhibit is filled out incorrectly, but the certificate is still validly signed by two directors, the Exhibit would still be considered incorrect and subject to rejection. CMAG acknowledged this concern and agreed with the proposed approach.

Exhibit B

- 4.31 RaT advised that the reference to grid references should be removed, as it is not relevant and could lead to errors when filling out the certificate. MD noted that the CMU ID should be sufficient and can be linked to prequalification, which already contains this information. CMAG agreed to remove this requirement with approval from EMR DB.
- 4.32 MD queried whether it would be more appropriate to use the Application ID instead of the CMU ID, as price maker certificates are related to specific auctions. This would be particularly relevant if applying for multiple auctions. CMAG agreed to add a requirement to specify which auction the application is associated with.
- 4.33 CA asked whether the address and BM Unit Identifier are needed on this certificate. PP clarified that the certificate would be completed after prequalification, meaning applicants would already have qualified as price takers. Therefore, the CMU name and ID should be sufficient. CMAG agreed to remove these requirements from Exhibit B.
- 4.34 AM flagged the importance of ensuring that duplicate information is not requested during the Exhibits review, specifically by checking if it is already available on the EMR DB portal.
- 4.35 CA queried whether declaration (a) should also apply to Existing Interconnector CMUs. EH asked if an Interconnector could be a price maker, to which MA clarified that all Interconnectors are price takers by default. It was agreed that Interconnectors could be price takers, and the wording of Exhibit B would be amended to reflect this.

SW asked whether, as in the ITE Reports, the Rules themselves will include a statement that unless otherwise specified, every field is mandatory, or if this needs to be specified in each Exhibit. AM clarified that this had already been agreed to be added to the Rules.

Exhibit E

- 4.36 CA noted that Exhibit E is already mandatory (if used) under the CM Rules. Rule 3.3.5 requires the Applicant to submit an Agent Nomination Form when wishing an Agent to act on their behalf. PP clarified that Rule 3.3.5 applies only to the Application stage, while Rule 7.5.1(s) recognises that an Agent can be changed (resign or be appointed) after the Application is submitted. CA queried whether Exhibit E should require compliance with Rule 3.3.5 even for Exhibit E submitted after the Application. RaT pointed out that Rule 3.3.5(d) explicitly requires the submission of a new Agent Nomination Form when an Agent is changed. Further clarification from PP is needed on this matter.
- 4.37 PP noted that Volume Reallocation is not processed through the EMR DB portal but through CMSB in the My EMRS Portal. He inquired whether there is a connection between Agent Nomination in EMR DB and Agent users in My EMRS. KG responded that there is no direct connection, as agents can apply directly through the EMRS Portal. CMAG agreed to address this in the wider Agent review.
- 4.38 CA questioned whether Agent details should be updated to reference "Agent Name." SW suggested it would be helpful to include fields for "Agent Individual Name" (optional) and "Agent Company Name," since the registration process on the portal is done for individuals. RaT noted that Agents do not have to be individuals, but SW clarified that the portal registration process requires an individual. He proposed making the individual name field optional but allowing users to submit the agent nomination form for the company, with an option to include individual names. PP questioned if this approach would mix Rules with operational processes. RaT emphasised that the decision on who the individuals are rests with the Agent. SW proposed keeping "Agent Company" at the top of the block, with an optional telephone number and email address, and allowing

individuals within the company to be listed. CMAG disagreed with this suggestion and agreed to maintain the current wording. PP noted that a note should be added to Exhibit E stating that Agents can attach nomination forms for each user they wish to add to the EMR DB portal, rather than including them as part of the Exhibit.

- 4.39 EH flagged the need to ensure that the wording of proposed declarations (f) and (g) aligns with the language of the Agent SDD Change. Since this has not yet been approved, it will need to be checked once approval is received.

CP373 Housekeeping

- 4.40 PF presented CP373 housekeeping changes identified during CMAG 26 surgery. No comments were received on the proposed changes to the legal text.
- 4.41 PF noted this had prompted further consideration on how to manage and implement such changes. PF explained that the CMAG Secretariat maintains a separate document tracking various housekeeping changes, which are currently on the Forward Work Plan. PF asked CMAG for their input on how they would like these changes to be handled. AM agreed that they would be comfortable including them in the consultation under a housekeeping changes section. To streamline the process, AM suggested that no formal Change Proposal be submitted for housekeeping changes, but instead, the CMAG Secretariat could provide Ofgem with a list either annually or as needed for inclusion in statutory consultations. They could be listed in the consultation to reduce admin but still be outlined in enough detail to highlight where they have come from and what their intention is.
- 4.42 CMAG agreed to add CP373 housekeeping changes to the list for submission. PF noted that the wider list of housekeeping changes will be shared on the CMAG SharePoint site, alongside the minutes. PP will run through the full list again due to DESNZ recently publishing CM (Amendment)(No.3) Rules 2024, consultation on Rules Modernisation and call for evidence on Consumer-led Flexibility, to make sure nothing clashes.

5. Developing CM Rules Change Proposals

Change Proposal 384 Rule - 6.10.1 Termination Reasons (g) & (ga)

- 5.1 PF presented the legal text review of CP384 since CMAG 26. On the proposed legal text drafting circulated to CMAG, it was agreed to clarify any other CMUs as Capacity Committed CMUs.
- 5.2 RaT noted if something went wrong during prequalification you could end up not having met a TEC requirement, therefore 'ceases to' could not apply. It was noted that this clause is made in the context of 3.6.3 and 3.7.3 which require a connection agreement or connection offer with sufficient TEC (or the ability to export to the distribution network) to be in place at Prequalification. CMAG agreed to keep the wording as is and not insert 'does not have' into (g).
- 5.3 PF highlighted that the legal text review agreed with inserting Capacity Committed CMUs instead of 'any other CMU'.
- 5.4 PF asked if anyone had thoughts on combining (g) and (ga), updating the wording of (ga) and marking (g) as 'Omitted'. RaT noted that (ga) could have been inserted as (g) didn't cover the specific scenario for a reduction in TEC, and (g) if TEC ceases completely. RaT noted that it is possible (ga) would cover (g) if it was to be omitted. PP noted this question was raised in line with simplifying the rules. RaT suggested there could be a wider policy issue regarding whether all CMUs at a site should terminate, or if it's sufficient to terminate only those without enough TEC. BH recommended having a discussion with DESNZ about the proposed merger of (g) and (ga). SW noted having reviewed the consultation document which introduced (ga) it wasn't clear on the policy intent for this sort of Termination Event. PJ highlighted that having 'ceases to' in (g) could also cover a reduction in available TEC. PF will contact DESNZ on this question.
- 5.5 PF will contact KH to confirm proposer responses to the standard Change Proposal questions before presenting these to CMAG.

Change Proposal 385 - Update to Load Following Capacity Obligation calculation inputs

- 5.7 SDW presented [CP385](#) to CMAG. For context of CP385, the CM Rules define how to calculate Load Following Capacity Obligation (LFCO), including the term Reserve for Response (RfR), which is published in the most recent Electricity Capacity Report before the Auction Window. However, in practice, EMR DB uses Reserve and Response (RaR) capacity for system operability, not RfR, creating a misalignment between the Rules and practice.

- 5.8 BH noted that RaT raised the question of wouldn't NESO reserve before they started doing demand disconnection. BH noted SQSS reserves still having to be maintained, in some circumstances, during a System Stress Event, but in other circumstances those reserves might also be used during a SSE. MD noted the CMEG had originally considered many other options before landing on this imperfect solution.
- 5.9 MD noted that the RaR in the Electricity Capacity Report essentially determines the target, and this should be reflected in the LFCO formula as it relates to the total capacity originally procured. However, CMAG did note that regardless of this the reserve could be used in a System Stress Event and changes to E_{ij} as a result.

6. CMAG Forward Work Plan

- 6.1 PF presented the CMAG Forward Work Plan and noted updates from last meeting. PP noted that the Ofgem consultation is now expected early January. Also, that CMAG are now expecting CP380 to be moved to 'On Hold' following Ofgem's update, earlier in this meeting, on the publication of their statutory consultation.
- 6.2 PF noted there will be significant upcoming work with multiple CPs from CP373 'audit' Surgery Item and similar groups from the ITE subgroup. PF asked if CMAG had a preference on which should be prioritised. PF also mentioned that this could be influenced by Ofgem's next consultation. AM confirmed the next consultation is expected in summer/autumn, though no precise date has been set, likely after prequalification. PP suggested and AM confirmed that the cut off for Change Proposal reports to be included in that consultation is likely to be June 2025.
- 6.3 EH noted that they had sent an email last month with suggestions for the ITE subgroup work, which had not yet been addressed. CA confirmed to review the email and add it to the FWP.
- 6.4 CA noted that January meeting is looking very busy and there will likely be a replan for the agenda. AM noted they would be presenting the Secondary Trading consultation at CMAG 28 and could be an opportunity for feedback, but the subsequent consultation will be the main opportunity.

7. Action Log

- 7.1 CMAG reviewed the Action Log, all 'Complete' actions will be marked as closed. Discussion on actions 'In Progress' can be found in the CMAG Action Log, published on the website.

8. Any Other Business

- 8.1 EH flagged some key policy documents published this month:
- a) [Ofgem's Ten-year review](#);
 - b) [DESNZ's Ten-year review](#);
 - c) [Call for evidence on consumer led flexibility \(DESNZ\)](#); and
 - d) [Capacity Market: proposals to modernise Rules and improve participation and delivery assurance of consumer-led flexibility](#)
- 8.2 CA confirmed the next CMAG meeting will take place on 21 January 2025.